

Automobile

MAA 2025 TIV: Another Record-breaking Sales Figure;
Forecast Lower TIV In 2026

Highlights

- MAA's 2025 TIV registered another record-breaking sales figure, driven by resilient demand for budget models and aggressive promotional activities.
- We expect minimal impact on vehicle selling prices following the implementation of OMV tax mechanism and new tax rate for CBU EV.
- We forecast TIV moderating in 2026 to 790,000 units (-3.6% yoy) due to limited catalysts to further support demand growth. We maintain MARKET WEIGHT on the sector.

Analysis

MAA Dec 25 TIV

	Dec 25	mom % chg	yoy % chg	12M25	yoy % chg
Passenger	83,148	23.5%	13.2%	759,098	1.4%
Commercial	7,568	45.5%	(13.8%)	61,654	(11.7%)
TIV	90,716	21.8%	10.3%	820,752	0.2%

Source: MAA, UOB Kay Hian

- **Another record-breaking year.** Malaysia Automotive Association's (MAA) total industry volume (TIV) for Dec 25 came in at 90,716 units (+21.8% mom, +10.3% yoy). TIV reached 820,572 units (+0.2% yoy) in 2025, marking another record year exceeding both our and MAA's forecasts. The strong sales performance was mainly driven by resilient demand for budget-friendly models, aggressive promotional campaigns and strong sales of EV models particularly towards the year-end. In contrast, the commercial vehicle segment contracted by 11.7% yoy to 61,654 units, affected by the implementation of the targeted diesel subsidy mechanism.
- **National brands continued to gain market share.** Perodua managed to achieve its sales target, registering sales of 359,904 units (+0.6% yoy) supported by strong demand for its budget-friendly models (Bezza, Axia and Myvi), which led the overall model sales in 2025. Proton's sales increased to 151,564 units (+2.7% yoy), contributed by higher sales of its EV model and the refreshed Proton X50. As a result, combined market share of national brands rose to 62.4% (+70bp yoy), reinforcing their dominance in the budget segment.
- **Non-national brands.** Chinese brands sustained their strong sales momentum, with key players such as Jaecoo (+228%), BYD (+175%) and Chery (+16%) recording robust sales growths. This resulted in market share losses for major Japanese brands like Honda and Mazda whose sales declined by 11% and 36% in 2025. However, we noted that Mazda sales showed improvement in 4Q25 (+50% qoq), supported by encouraging demand for the new Mazda 3.

Peer Comparison

Company	Ticker	Rec*	Price 20 Jan 26 (RM)	Target Price (RM)	Upside To TP (%)	Last Year End	2025A (x)	PE 2026F (x)	2027F (x)	Yield 2026E (%)	ROE 2026E (%)	Market Cap. (RMm)	Price/ NAV ps (x)
Sime Darby	SIME MK	HOLD	2.11	2.19	3.8	06/26	12.4	12.5	11.6	5.9	10.7	14,380.9	0.8
Bermaz Auto	BAUTO MK	HOLD	0.79	0.75	-5.1	04/26	5.6	10.3	8.3	7.3	11.8	898.8	1.5
Pecca Group	PECCA MK	BUY	1.67	1.70	1.8	06/26	22.0	20.3	16.3	3.8	26.0	1,209.8	5.5

Source: Bloomberg, UOB Kay Hian

MARKET WEIGHT (Maintained)

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Segmental Rating

Segment	Rating
Malaysia	MARKET WEIGHT (Maintained)

Source: UOB Kay Hian

Sector Picks

Company	Ticker	Rec	Share Price (RM)	Target Price (RM)
Pecca	PECCA MK	BUY	1.67	1.70

Source: Bloomberg, UOB Kay Hian

- Minimal impact from OMV tax.** The implementation of the Open Market Value (OMV) excise duty has been deferred to 30 Jun 26, allowing industry players to finalise their OMV calculation. Under the revised mechanism, OMV will incorporate additional non-manufacturing costs, including sales and administrative expenses as well as development work. However, we note that MAA, through its engagement with the government, has guided a minimal impact on vehicle prices from the implementation of the OMV tax. Hence, this is expected to benefit carmakers with significant exposure to local production, namely Perodua, Proton, Toyota and Honda, while also supporting continued investment in the local automotive supply chain.
- New CBU EV tax rate effective Jan 26.** Following the expiry of the CBU EV tax holiday in Dec 25, imported EVs are now subject to a 10% excise duty and import duty that vary by country of origin and free trade agreements (please see RHS table (CBU EV Tax Rate)). We understand that several major EV brands front-loaded their inventories to cover up to four months of sales before the new tax rate took effect. Hence, we expect price revision of EV models to only occur in 2H26, with few brands potentially absorbing part of the cost increase given the highly competitive EV market. Major brands that have committed to localising their EV production, such as Proton, Perodua and XPeng, stand to benefit from the differential tax rate, enabling them to offer more competitive pricing. We note that MAA has requested further extension of tax incentives for CKD EV to support the EV localisation initiatives.
- Forecasting 790,000 units (-3.6% yoy) of TIV in 2026.** This projection reflects our view that the elevated vehicle sales will moderate in the near term amid limited catalysts that can significantly drive consumer demand. Key factors underpinning our outlook include:
 - National brands will maintain their market share** supported by sustained demand for their budget-friendly models. Sales momentum will be aided by new model launches, namely the Proton Saga MC3 and eMas 5, which have received positive bookings since their launches, while Perodua Traz offers attractive pricing within the SUV segment.
 - Intensifying competition among non-national brands.** Competition in the mass premium segment, which was previously dominated by Japanese brands, is expected to remain intense as Chinese automakers remain aggressive in introducing new models with competitive pricing strategies.
 - Softer EV sales in 1Q26 following the strong forward purchases at the end of last year.** We expect EV sales to slightly moderate at the beginning of the year following strong forward purchases prior to the expiry of tax incentives.

Valuation/Recommendation

- Maintain MARKET WEIGHT.** Our sector call factors in a moderation in TIV following two consecutive years of elevated sales alongside limited catalysts to drive demand growth in 2026. Our selection remains focused on beneficiaries of sustained demand in the mass market segment, such as Perodua and Pecca. Beyond local automotive exposure, Pecca offers exciting growth potential in the aviation industry and export markets while continuing to ride on resilient sales volumes from national brands.

Sector Catalyst/Risk

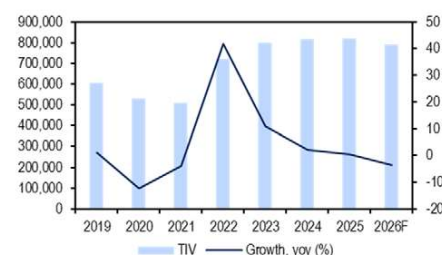
- Stronger-than-expected TIV numbers.
- Major incentives from the government to accelerate EV adoption.

CBU EV Tax Rate

Region	Import tax (%)	Sales tax (%)	Excise tax (%)
Standard	30	10	10
China	5	10	10
Japan	0	10	10

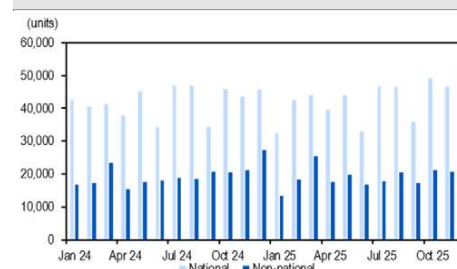
Source: MAA

Yearly TIV Numbers



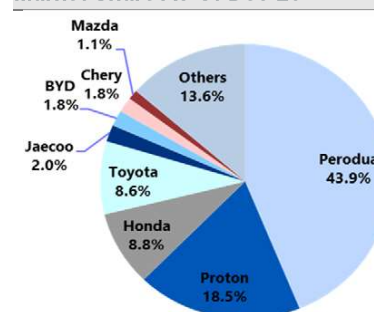
Source: MAA, UOB Kay Hian

National And Non-National Sales



Source: MAA

Market Share As Of Dec-25



Source: MAA

Top Key Marques Ytd

Make	----- Sales (Units) -----		----- Market Share (%) -----		----- Ranking -----	
	Jan-Dec 25	Jan- Dec 24	Jan-Dec 25	Jan- Dec 24	Jan-Dec 25	Jan- Dec 24
Perodua	359,904	358,102	43.9	43.7	1	1
Proton	151,564	147,587	18.5	18.0	2	2
Honda	72,301	81,699	8.8	10.0	3	3
Toyota	70,352	71,514	8.6	8.7	4	4
Jaecoo	16,125	7,038	2.0	0.9	5	10
BYD	15,166	8,570	1.8	1.0	6	9
Chery	14,654	12,645	1.8	1.5	7	6
Mazda	9,277	14,464	1.1	1.8	8	5
Others	49,755	47,310	6.1	5.8	n/a	n/a
Passenger	759,098	748,929	92.5	91.5		
Commercial	61,654	69,844	7.5	8.5		
TIV	820,752	818,773	100	100		

Source: MAA

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